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Foreign Agricultural Service

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Foreign Agriculture

Focus on Latin America

World Food Day

USDA Participates In FAO Event

Government and private organizations around the world—including the U.S. Department of Agriculture—are observing World Food Day, October 16, to pay tribute to the world's farmers and to call attention to the need for greater food security.

More than 40 governments are expected to issue commemorative coins or stamps to mark the day, and USDA has arranged for the U.S. Postal Service to cancel postage stamps with a World Food Day marker in post offices in New York, Chicago, and Los Angeles.

The commemoration of World Food Day is being sponsored by the Food and Agriculture Organization (FAO) of the United Nations on the 36th anniversary of FAO's first meeting in Quebec, October 16, 1945. USDA's Office of International Cooperation and Development, the USDA agency most directly involved with FAO, is mounting a photographic exhibit commemorating the event.

Open houses are being sponsored at USDA facilities throughout the 50 States, speakers are available to organizations requesting them, and USDA publications and motion pictures dealing with the subject of food production are being made available to schools, civic groups, and other organizations. Other activities are being sponsored by school and church youth groups, boy and girl scout organizations, 4-H Clubs, and college and high school groups.

Secretary of Agriculture John R. Block, testifying before the House Agriculture Committee in July, and Under Secretary Seeley G. Lodwick, speaking before the 79th session of the FAO Council in Rome in June, reaffirmed U.S. government support for the work of FAO.

In his testimony, Block said that U.S. grain reserves of 4 million tons of wheat and farmer-owned reserves have helped to stabilize food supplies and prices worldwide. The reserves are intended to help the United States meet future international trade and food aid commitments, he said.

At the World Food Council meeting in Novi Sad, Yugoslavia, in May, Block emphasized the U.S. effort to encourage agricultural production to meet world food needs within a market framework. He cited the need for international cooperation in fostering, rather than restricting, trade if the world is to be adequately fed. Block pointed out that the responsibility for increased food production and food security lies primarily with each government.

Lodwick, in remarks at the FAO Council meeting, said that the policies of the United States are designed to maintain high levels of production so that it can be a dependable supplier of foodstuffs for commercial and concessional needs. Increased production in the food deficit, low income countries, is the most urgent and the most lasting solution to the world food problem. The United States is one of the principal supporters of the World Food Program and intends to continue in that role, he added.

World Food Day provides an opportunity for USDA to highlight some of the other ongoing programs and activities in which it is involved to assist low income and transitional countries. P.L. 480 legislation has resulted in the distribution of more than $39.9 billion in food to nations in need since the program began in 1954.

USDA's Office of International Cooperation and Development works closely with FAO, the Inter-American Institute for Cooperation in Agriculture, the U.S. World Food Council, the International Fund for Agricultural Development, the Agency for International Development, and other organizations which provide assistance to developing countries. This relationship enables the United States to make its views known to the international community, and to coordinate its assistance activities with those of other nations.

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Secretary of Agriculture

Seeley G. Lodwick,
Under Secretary for International Affairs and Commodity Programs

Richard A. Smith,
Administrator, Foreign Agricultural Service

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Latin America: Market Challenge in The 1980's

By Kerry E. Reynolds

Latin America, long a major supplier of farm goods to the United States, is now one of its biggest agricultural customers.

In 1980, U.S. exports to this region increased by more than two-thirds from the year-earlier level to $6.2 billion. That total represented some 15 percent of all U.S. farm exports. Leading the way in this increase was Mexico, which became the third largest export market for U.S. agricultural producers.

While the phenomenal increase of 1980 may not be repeated during the rest of the decade, there are several reasons why the countries of Latin America and the Caribbean are expected to be among our fastest growing markets in the 1980's.

Foremost, perhaps, is the region's expanding population. With annual growth rates that average 2.3 percent, Latin America's total population rose from 229 million to 366 million between 1971 and 1981. Appreciable declines in this growth rate are not currently evident. As a result, many countries' needs for basic food commodities are likely to continue to exceed their ability to produce.

These increased food needs have been coupled with a greater ability to pay in such countries as Mexico and Venezuela, where energy reserves or economic development have raised per capita incomes.

The Challenge Ahead

It would be a mistake, however, to conclude from the United States' recent market success that further expansion of the Latin American market will be easy in the 1980's. U.S. exporters to the region still face many problems.

For example, virtually all of the dramatic increase in U.S. sales to the region last year was in bulk commodity sales—most countries continue to be very restrictive about imports of nonbulk commodities and specialty items.

Many countries have practiced some form of import substitution for over two decades, trying to limit imports of "nonessential" farm goods in order to conserve foreign exchange and encourage domestic production of the same or similar commodities.

Thus, U.S. exporters of such commodities as wines, fruits, meats, and canned foods frequently encounter high or preferential tariffs, quotas, administrative delays or outright prohibition.

This protectionist attitude has been further encouraged by regional trading groups, which want members to try to trade among themselves before looking elsewhere.

Also crucial to the level of U.S. sales in the 1980's are the various countries' balance of payments positions. Countries which need to rely on imported energy supplies, such as Brazil, have encountered severe balance of payments problems since 1973.

Until this financial drain is reduced—through conservation, new energy sources, or regional energy sharing—these countries are likely to reserve what foreign exchange they spend for agricultural imports for politically "essential" bulk commodities.

The problem of insufficient port and storage facilities, railroads, and distribution structures in many countries also needs to be overcome to facilitate greater U.S. sales.

A case in point is Mexico, where the recent expansion in imports from the United States caused a severe strain on the transportation system.

Currently, the two countries are exploring ways of alleviating the transportation bottlenecks—and the lessons learned could provide useful models elsewhere.

Development Impact

The extent to which individual countries are able to increase domestic agricultural production will be a key factor in U.S. export growth to Latin America in the 1980's.

Mexico—our biggest market in Latin America—has embarked upon an ambitious agricultural development program called SAM (Sistema Alimentario Mexicano), which is aimed at self-sufficiency but which must overcome the problems of land availability, climate, and social customs.

Other Latin American countries will also have to make hard political decisions on whether to devote their best lands to producing food for domestic consumption or to export crops to earn much-needed foreign exchange.

Economic development programs will, if successful, result in increased buying power for the region.

The Caribbean Basin Development Plan, announced by President Reagan and Mexican President Lopez Portillo in June 1981 and which now also includes Canada and Venezuela as donor countries, could do much to help an area with traditionally low buying power.

Specifics of this program will be announced in the coming months and should include initiatives in trade, aid, and investment.

Policy Factors Affecting Trade

The trade policy actions of the groups and individual countries in the region also will have an impact on U.S.-Latin American trade.

The author is Leader, Inter-America Group, International Trade Policy, FAS

LAIA (the Latin American Integration Association[1], which replaced the old Latin American Free Trade Association) currently is renewing its efforts at regional trade integration.

In addition, a more tightly knit, spinoff group, the Andean Pact[2], has the resources and size to be even more effective. However, this group is still basically in an organizational period and has not achieved a complete customs union.

To the extent that all countries work within the General Agreement on Tariffs and Trade (GATT and its codes on the conduct of international trade) and other organizations concerned with trade, agricultural trade will be facilitated.

However, any country has the potential —through precipitous action—to disrupt bilateral trade relationships, even though the action may be required by economic need or domestic law.

A foremost example is export subsidies, which many Latin American countries feel are necessary for their economic development. However, the United States subscribes to the GATT-sanctioned Subsidies Code that calls for limitations on such export subsidies.

[1]Includes Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela.

[2]Includes Bolivia, Colombia, Ecuador, Peru, and Venezuela.

Meeting Competition

Other developed countries are showing growing interest in the Latin American market, which means the U.S. share of that region's trade will be affected by the development programs and marketing policies of such countries as Japan and members of the European Community.

To meet this competition, USDA's cooperator organizations have a number of promotional programs now underway to acquaint local consumers with new foods and to provide local processors with needed technological assistance.

In addition, FAS has opened trade offices in Miami and Caracas to promote greater agricultural sales in the Caribbean and Latin America.

To foster economic development in the region, and thus increase its market potential, the United States has also modified its Generalized System of Preferences. In 1980, advanced developing countries—such as Mexico, Brazil, and Argentina—were removed from preferential status for those items in which they have demonstrated international competitiveness.

This "graduation" policy is intended to distribute benefits more fairly among the developing countries and to improve the competitive position of the most needy developing countries. Additional graduations can be expected in coming years.

The U.S. stance toward the development aspirations of these countries may be addressed at the North-South summit meetings scheduled for Cancun, Mexico, on October 22-23. ■

Chile Emerges As Important Market For U.S. Farmers

By Lawrence R. Fouchs

Chile is fast emerging as an important market for U.S. agricultural exports, principally wheat, corn, refined sugar, and tobacco. The country also imports sizable quantities of food items such as milk products and edible oils to augment domestic production. With the rapidly developing Chilean economy, and an increasingly affluent population, imports of processed agricultural products are on the rise.

In calendar 1980, the United States supplied a record $320 million of farm commodities—40 percent of Chile's food imports. With the exception of a very small amount of donated foods for relief agencies, all U.S. agricultural exports to Chile were under commercial export terms with no government credits.

During the same period, the United States bought $46 million worth of agricultural products from Chile, accounting for about 16 percent of that country's agricultural exports in 1980. The major U.S. items were 27 million metric tons of grapes and 3 million tons of apples.

In the spring of 1981, Chile was one of five countries visited by U.S. grain promotion teams. The team reported that Chile has been a consistent and growing market for grain, taking nearly 1 million tons of wheat and 400,000 tons of corn in 1980—virtually all from the United States. The team estimates 1981 wheat imports at 1.2 million tons and corn imports at about 400,000 tons.

Completely free market policies have applied in the grain sector since 1978 and farmers have been shifting from grain production to fruit and livestock. With expanding poultry and swine production, and the long-term potential for beef exports, as Chile is the only South American country free of foot-and-mouth disease, the team felt that in the not too distant future, feed grain imports could exceed wheat imports.

The author is U.S. Agricultural Attaché, Santiago

Estimated Production of Chile's Traditional Crops

(In thousands of metric tons)

Crops	1964/65	1977/78	1978/79	1979/80	1980/81
Wheat	1,116	893	995	966	650
Barley	74	126	113	105	90
Corn	260	257	489	405	420
Oats	82	93	150	173	150
Rye	9	16	9	11	11
Rice	80	120	182	95	92
Beans	59	112	116	84	138
Peas	5	16	14	14	11
Garbanzos (chick-peas)	5	5	9	12	6
Lentils	9	19	32	27	18
Potatoes	703	980	770	903	1,007
Rapeseed	72	52	65	73	28
Sunflowerseed	45	30	33	38	6
Sugar beets	681	840	661	454	1,450

Chile's agriculture is facing a major challenge in the 1980's. Since the implementation of the open, free market system, which Chile embarked on in 1975, price support programs have been terminated, all state marketing companies have been abolished, and agricultural financing is now from private commercial sources.

At the same time, import duties on agricultural products—except powdered milk—have been lowered to no more than 10 percent ad valorem.

With the abolition of price supports and the emergence of the free economic policy, the Chilean farmer is now obliged to compete with and/or take advantage of prices on the world market. Sugar beets and wheat are two examples. Sugar beet production increased dramatically in 1980/81 because of high world prices at planting time. In contrast, wheat production has been decreasing because the domestic crop has not been able to compete in quality nor yields with the imported product.

The cattle industry got a boost at the beginning of the year when the country was declared free of AFTOSA (foot-and-mouth disease) by the Pan American Health Organization. Although Chile still imports some of its beef needs, cattlemen are looking forward to a time when exports of meat and breeding cattle may be possible.

Domestic milk production is increasing, but powdered imports are still required. The beef and dairy sectors currently offer a good opportunity for breeding cattle sales.

Swine numbers also are increasing although not yet at the rate of other livestock. Pork continues to be a seasonal item in the Chilean diet and prices are high in comparison with other meats.

Poultry production, particularly broilers, has regained the position it held before the early 1970s and chicken is currently the best meat buy for the Chilean consumer.

The most active sector of Chilean agriculture in recent years has been in fruit cultivation, which continues to expand to meet export demand. The area planted for deciduous fruits, where the major change has occurred, in 1981 is estimated at 52,250 hectares, compared with 45,050 hectares in 1979. Apples, the largest crop, occupy 30 percent of the planted area and are Chile's principal agricultural export. Fruits, including both table and wine grapes, represent about 25 percent of all agricultural production and exports have increased sharply in recent years. ■

U.S. Major Supplier To South American Grain Buyers

By James P. Rudbeck

While the leading South American grain exporter, Argentina, solidifies its ties with the USSR and other distant importers, the top three South American grain buyers continue to rely on the United States for most of their needs. The trade with these countries—Brazil, Venezuela, and Chile—is expected to remain strong in the foreseeable future.

A U.S. grain team[1] that visited these countries in early June reported that together they may take up to four-fifths of their 1981/82 grain imports from the United States. This could amount to around 8.2 million metric tons of the over 10 million tons forecast to be imported by the three in 1981/82. In 1980/81, the United States supplied about 7.6 million of the countries' 9.4 million tons in imports.

Wheat imports from the United States may rise 20 percent in line with increased buying by Brazil. However, imports of U.S. corn may decline somewhat as a result of increased production, a prospective dip in total imports, and increased competition from Argentina and South Africa.

Brazil, Venezuela, and Chile accounted for almost 75 percent of South America's grain imports in 1980/81 and 80 percent of U.S. exports there. The value of U.S. grain exports to these markets was more than $1 billion in fiscal 1980 out of $1.6 billion in total U.S. agricultural exports to the three countries.

Argentina, as a result of its proximity, would appear to be a natural supplier to these South American markets. However, over the past 2 years, Argentine sales have been heavily concentrated in the Soviet market and Argentina has entered into bilateral supply agreements with China, Mexico, and Iraq.

In the Argentine marketing season, 80 percent of its exports through June went to the USSR. These heavy sales to the USSR caused port congestion, making it difficult for a buyer such as Chile—which spaces out its annual purchases—to count on regular supplies. Because of a limited storage capacity, farmers tend to sell a large portion of their production shortly after the harvest. This reduces Argentina's competitive position in all three markets, which need to space their purchases throughout the year.

Also, the period when Argentina has large exportable supplies coincides with the period when domestic supplies are most plentiful in both Chile and Brazil.

Finally, because of agreements that determine freight rates between Argentina and several South American countries, it is possible that freight rates from the United States are competitive with those of Argentina.

The Brazilian Market

A leading market for U.S. wheat and recently a significant purchaser of U.S. corn, Brazil is beset by balance-of-payments difficulties and has adopted an economic policy aimed at reducing inflation and public expenditures.

In an environment of relatively abundant world wheat supplies and decreasing domestic production, Brazil is looking for wheat on deferred payment terms and at the lowest prices. The country also is attempting to avoid corn imports, but its declared policy of self-sufficiency is being undermined by erratic corn production and rising demand, particularly in the poultry industry.

Total grain imports by Brazil are estimated at 6 million tons in 1980/81 and around 6.7 million in 1981/82. Purchases from the United States in 1981/82 may rise to 5.0 million tons as imports of U.S. wheat increase by 45 percent to around 3.5 million tons. These prospective imports compare with wheat purchases from the United States in 1978/79 of only 1.6 million tons.

With a foreign debt of $54 billion at the end of 1980, and its difficulties in allocating sufficient foreign exchange for cash purchases, Brazil is highly dependent on favorable credit arrangements.

U.S. wheat shipments to Brazil are being largely guaranteed under the Commodity Credit Corporation's Export Credit Program (GSM-102). Credit guarantees of $190 million were made available in late 1980, and the availability of $55 million was announced by the USDA team during its recent visit to Brazil.

The author is Deputy Director of the Grain and Feed Division, FAS.

[1]Alan Tracy, General Sales Manager and Associate Administrator, FAS, was leader of the Government-industry team trip, which visited May 31-June 12. Other members were Jack Felgenhaur, past president of the National Association of Wheat Growers; Richard Meuret, chairman of the Nebraska Corn Utilization and Marketing Board; George Ackerman, Garnac Grain Company, representing the U.S. grain exporting industry; and James Rudbeck, FAS.

The Brazilian government has recognized the futility of placing heavy stress on a marginal crop such as wheat, when others are more profitable. Yet it also is anxious to reduce its dependence on wheat, which last year was its second largest import.

Toward this end, the government began to phase out its domestic wheat consumption subsidy in 1980. This subsidy and low consumer prices of wheat flour relative to other staples contributed to a 9-percent annual growth in wheat consumption during the 1970's as well as to treasury outlays that reached $1 billion annually by the end of 1980.

The subsidy is currently scheduled to be completely eliminated by January 1, 1983. By June 1981, the price of wheat to mills had already risen by 235 percent in local currency, but still represented only 60 percent of the landed price of wheat.

The impact of this move is still a matter of conjecture, in part because wheat flour prices remain attractive relative to those for substitutes, such as beans, rice, or manioc. The best estimates are that human consumption of wheat may decline from the 1980 level of 6.3 million tons to 6 million or even less by 1982.

On the other hand, wheat production is a chancey proposition in Brazil, and despite past government efforts to stimulate output, climate and the economies of alternative crops have resulted in decreased self-sufficiency.

For example, frost recently hit the major wheat state of Parana and—with reduced plantings—this year's Brazilian wheat crop will be off over 40 percent from last year's relatively poor outturn.

Corn imports by Brazil—all from the United States—are estimated at 2 million tons in 1980/81 and 1.5 million in

1981/82. Brazil's corn production has suffered recently from unfavorable weather at a time of rising demand, particularly for poultry feeding.

Also, regional variations in this widely grown crop at times make imports more feasible than transporting corn within the country. Consequently, record crops in 1980 and 1981 have not been sufficient to return Brazil to the net export position it enjoyed before 1978.

Growth in Brazil's poultry output this year is expected to slow to 10-15 percent from the 20-30 percent rate of the recent past. However, continuing expansion in poultry and pork production points to continued imports of corn.

So far, the United States has dominated this market, although Argentina —with record export availabilities on hand for 1981—could provide some competition in the market.

Opportunities in Venezuela

The second largest grain market in South America and an exclusive buyer of U.S. grain last year, Venezuela may boost its feed grain imports while holding steady on wheat.

The United States is expected to supply nearly all of the imported wheat—estimated at 900,000 tons for 1981/82. However, imports of U.S. feed grains could decline to around 700,000 tons from 1.05 million last year if competition materializes from South African white corn and Argentine grain sorghum.

The Venezuelan milling industry reported to the U.S. team that there is some slowdown in the rate of increase in domestic consumption of wheat products, owing to the current price structure and demand factors. But consumption growth is expected to resume in the years ahead.

U.S. proximity to this market and close Venezuelan ties with stateside milling groups give the United States an edge, but Canada is always a potential competitor for spring wheat sales.

Consumption of corn by the Venezuelan poultry industry is being constrained by limited feed supplies. Some sources feel that if the needed imports were permitted, poultry production and consumption would increase, even with removal of a government subsidy on feed use.

While wheat and corn imports for human consumption are in the hands of the private trade, feed imports are made by CMA—a government agency that also purchases and redistributes domestic crops. In part because of subsidies built into CMA's operation, the agency is facing fiscal and operational difficulties.

Prospects in Chile

This country has been a consistent and growing market for grain, taking about 1 million tons of wheat and 350,000 of corn in 1980/81—all from the United States.

Imports of wheat this year could rise by 200,000 tons and again come entirely from the United States. Corn imports may increase to 400,000 tons, but takings from the United States could slip to 300,000 tons as Argentina regains a position in the market.

Complete free-market policies have applied in Chile's grain sector since 1978, and Chilean farmers have sought their greatest comparative advantage in fruit and livestock production. As a result, wheat output has fallen to less than 40 percent of domestic usage versus 70-80 percent a decade ago, and corn production now meets only about half of local requirements.

Although wheat consumption has declined somewhat, smaller domestic production has meant increasing imports. Rising incomes and promotional campaigns have stimulated poultry and pork production, and, therefore, greater mixed feed output and growth in corn imports.

Expectations are that wheat production will continue to decline, and promotional efforts by the milling and baking industry will increase consumption, thereby boosting import demand. U.S. success in the market will be primarily determined by price, although millers prefer U.S. wheat.

The United States also has some advantages over alternative suppliers such as Argentina and, possibly, Australia. For instance, the United States offers a variety of wheat classes, which is important in this highly sophisticated market. And it can supply corn year round, as opposed to Argentina which can supply it only for a short period after its harvest, which coincides with Chile's.

Demand for corn over the short term will be influenced by a prospective increase in domestic output and recent overexpansion of the poultry industry. Pork production, however, is expected to continue to increase.

Argentina will provide some competition for the United States in this market during 1981/82 since it has abundant exportable supplies. Argentine corn is preferred in Chile because of its higher carotene content.

However, there apparently are some problems regarding timely shipments and uneven availabilities of Argentine corn. Thus, the United States should be able to maintain a reasonable position in this market, even when Argentine corn supplies are abundant. Continuing growth in poultry and livestock feeding in Chile could eventually boost imports of corn above those of wheat. ■

Fact File

U.S. Farm Trade With Latin America

U.S. agricultural exports to Latin America climbed to a record $6.2 billion in 1980—an impressive 68-percent jump from their 1979 level. About 15 percent of all U.S. farm exports last year were shipped to Latin American countries. Exports to Mexico, Nicaragua, and Peru more than doubled as a result of larger than usual grain shipments. Mexico was by far the largest Latin American market and became the third largest importer of U.S. farm goods worldwide.

Last year's shipments of U.S. grains and preparations to Latin America, at $3.2 billion, were 84 percent higher than in 1979. Feed grains accounted for $1.8 billion of this total, and wheat exports were valued at $1.3 billion. Increased demand and low production drew feed grains to Mexico in record amounts, while wheat sales to the Andean region jumped because Argentina, the traditional supplier, shifted sales to the Soviet Union.

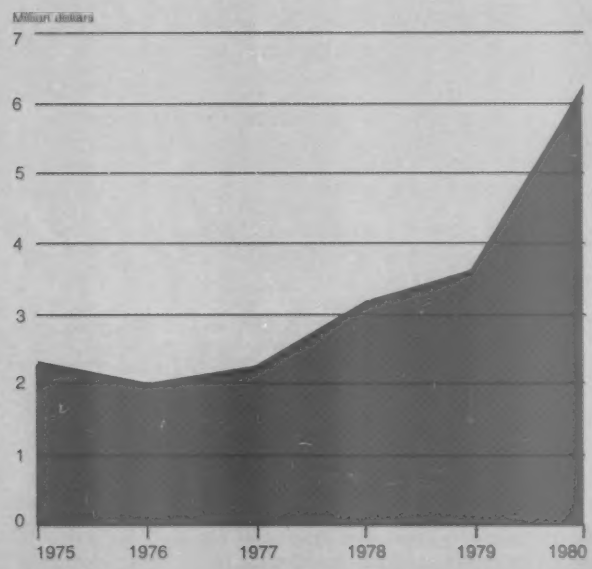
U.S. imports from Latin America were also at a record high of $7.4 billion. The primary purchases were coffee ($3.6 billion) and sugar ($1.4 billion). Imports of fruits, vegetables, and preparations were also significant, accounting for $728 million.

Mexico

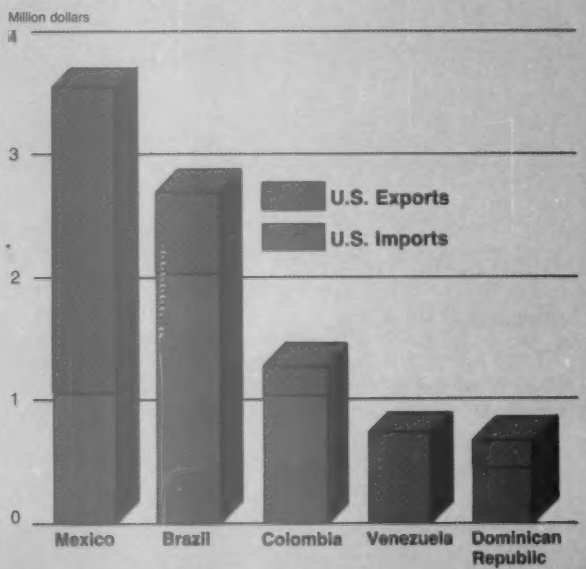
Mexico dominates the U.S. export market in Latin America, taking more than 40 percent of the U.S. farm products exported to that region. A low growth rate in Mexico's agricultural sector, combined with higher per capita income, rising population, and increased demand for higher quality foods caused Mexico to import a record $3.2 billion worth of farm commodities in 1980.

The United States supplied nearly all of these imports, selling almost $2.5 billion worth in 1980, more than double the 1979 figure. A major factor in this increase was the more than fourfold jump in corn exports, up to 4.8 million tons valued at nearly $678 million. Feed grain exports to Mexico, including corn, totaled over $1 billion. Exports of oilseeds and products also benefited from the boom in sales and tripled to over $386 million. Wheat and flour exports, however, declined 38 percent in 1980 to $123 million.

U.S. Agricultural Exports to Latin America, 1975-1980



Top Agricultural Trading Partners in Latin America, 1980



At the same time, the value of U.S. farm imports from Mexico fell 14 percent to $1.1 billion. The decline was led by coffee imports, which were valued at just over $311 million in 1980—26 percent less than in 1979. In June 1981, the United States and Mexico signed a grain supply agreement enabling Mexico to purchase at least 4.57 million metric tons of U.S. agricultural commodities, primarily corn, in 1982.

Brazil

Brazil is the Latin American country with which the United States has the largest negative trade balance in farm products. Last year, the scales tipped more than $1.3 billion in Brazil's favor. Brazil's exports to the United States ran over $2 billion last year. U.S. imports from Brazil were up 34 percent in value in 1980, and were chiefly of coffee ($1 billion), sugar ($410 million), and cocoa and cocoa products ($198 million).

Brazil is the third largest Latin American market for U.S. farm products, with shipments to Brazil of $680 million in 1980. Wheat ($364 million) and corn ($250 million) accounted for 90 percent of sales.

The United States has been working to increase grain sales as a means of improving its farm trade balance with Brazil. The guarantees for U.S. wheat sales to Brazil under the Export Credit Guarantee Program (GSM-102) were increased recently to $245 million during a visit by a U.S. government-industry grain team (see page 8).

Venezuela

Despite a 7-percent annual increase in agricultural production, Venezuela's demand for imported food has continued to grow because of expanding population and rising income from its oil wealth. Last year, the demand reached the point that Venezuela had to import 50 percent of its food requirements.

The United States supplied 58 percent of Venezuela's agricultural imports, shipping more than $700 million worth in calendar 1980. This was an increase of 42 percent over 1979, and made Venezuela the No. 2 Latin American market for U.S. farm goods. The principal U.S. export items were grains and grain products, $301 million; oilseeds and products, $205 million; fruits, vegetables, and preparations, $38 million; and poultry meat and products, $23 million.

Agricultural imports from Venezuela are relatively insignificant, amounting to $18.3 million in 1980, mostly coffee and cocoa.

Chile

The value of Chilean agricultural imports jumped 76 percent in 1980 to $1.6 billion. The United States supplied $320 million worth of this total. Put off by the high prices being demanded by Argentina, Chile turned to the United States as its sole source of wheat and corn imports ($175 million and $56 million, respectively).

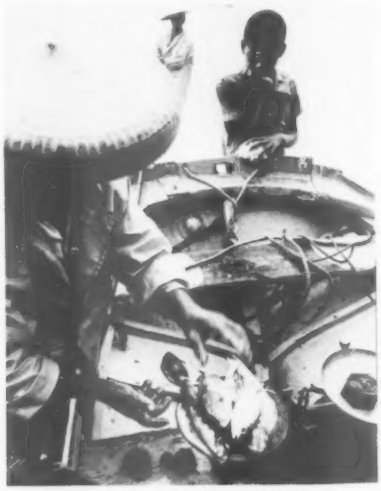
The United States bought only $46 million worth of Chilean farm products last year. Most of these were fruit and vegetable products, totaling $40 million.

Colombia

The United States is the dominant supplier of agricultural products to Colombia. Each year it provides a full 80-85 percent of Colombia's farm imports. In 1980, the United States exported $266 million to Colombia, $100 million of that in wheat, which is Colombia's chief agricultural import. Other important U.S. export items were vegetable and animal oils, $82 million, and corn, $38 million.

But U.S. imports from Colombia far exceeded its exports. In 1980, the United States bought more than $1 billion worth of Colombian farm products. Coffee accounted for $781 million of the total, and sugar and molasses $106 million. A fast-growing Colombian export is cut flowers, with the United States buying $76 million worth last year.

U.S.-Caribbean Trade Ties Remain Strong



The value of U.S. agricultural exports to the Caribbean reached a record high of $736 million in 1980, and they are expected to be similarly large this year because of the region's inability to match food production with consumption needs.

Each of the 18 islands or island groups in the Caribbean boosted its purchases of U.S. farm products in 1980 and most of them increased their agricultural shipments to the United States.

U.S. agricultural exports to the region rose nearly 23 percent to $735.8 million last year, while U.S. imports from the Caribbean increased 13 percent to $577.2 million.

Last year's export gain continued an uptrend that has been apparent since at least 1975. In contrast, U.S. agricultural imports from the Caribbean have generally been flat.

Agricultural production in the Caribbean is closely tied to weather conditions. Natural disasters or plant and animal diseases hampered agricultural output in 1980, but the region's production, nonetheless, was slightly higher than in the previous year. However, because of the narrow base of primary commodities grown in the Caribbean, agricultural export earnings are highly dependent on world commodity prices, which have been low recently.

International food aid also will have to be increased if some of the countries are to maintain per capita consumption at 1977-79 levels.

Highlights of the agriculture and trade of some of our major Caribbean trading partners can be found on page 15.

Despite the worldwide strain resulting from rising oil prices, the **Dominican Republic** is one of the few developing countries in the region experiencing exceptional growth. Agriculture, although damaged by hurricanes in 1979 and

1980, nevertheless set production records for most commodities in 1980.

Despite the production increase, U.S. agricultural exports to the Dominican Republic rose 24 percent from 1979 to $217.5 million in 1980. These accounted for 75 percent of Dominican agricultural imports last year.

U.S. feed grains, wheat, and edible vegetable oils were the major commodities imported. Imports of U.S. corn more than doubled in 1980, as did soybeans and oilcake. To build stocks and maintain a high consumption level, the Dominican Republic also imported 42,000 metric tons of U.S. rice in 1980, compared with none in 1979.

P.L. 480 food aid to the Dominican Republic (Title I and Title II) was expected to reach $19.8 million in fiscal 1981, up from $19.6 million in fiscal 1980.

Haiti's economy continued its erratic performance in 1980 and agricultural production declined 5 percent. This, coupled with a population gain of about 3 percent, increased the country's dependence on food imports.

The United States is Haiti's most important trading partner, accounting for more than half of its imports and exports.

The Haitian demand for grains has been particularly strong in the last few years, despite rising prices. This re-

quirement was met by greater imports under P.L. 480 and other U.S. assistance programs. The P.L. 480 program has been operating in Haiti since 1958.

P.L. 480 shipments amounted to $18 million in fiscal 1980, representing 26 percent of the $70.1 million worth of U.S. agricultural exports to Haiti in 1980. This year, Haitian officials see a slowing in economic growth because of reduced export earnings from coffee and bauxite. As a result, U.S. sales to Haiti are unlikely to increase.

Jamaica's economy has continued to deteriorate since 1979. Agricultural production rose only slightly in 1980, and was hindered by a lack of imported inputs, unfavorable weather, and minimally successful Government programs.

U.S. agricultural exports to Jamaica in 1980 were valued at $76.5 million, about 1 percent less than in 1979. Exports under P.L. 480—wheat and wheat flour, vegetable oil, and corn—were 32 percent below 1979's level.

The limited supply of foreign exchange —although improved somewhat this year—hampers Jamaican ability to import. Importers are required to use licenses and can purchase only those commodities approved by the government. At the end of 1980, licenses were granted for only the most critical goods.

Restoration of assistance from the International Monetary Fund (IMF) should help the Jamaican government finance imports of farm inputs to boost agricultural production. The government already has announced revitalization plans for the two major foreign exchange earners, sugar and bananas, but funding for these programs remains uncertain.

The economy of **Trinidad and Tobago** is booming. New construction is everywhere and unemployment in 1980 dropped below the 10-percent mark. But the index of agricultural production (1969-71 = 100) has been falling steadily for several years, reaching a low of 89 in 1980.

The indices of total agricultural and per capita food production also have declined in recent years as sugar output —once the cornerstone of the agricultural economy—led the decline. Industry officials attribute the shortfall to labor, management, and equipment problems, plus extensive damage by insects, disease, and unauthorized fires in the canefields.

Similar problems contributed to the shortfalls in other crops, including pulses, fruits, and root crops. Coffee, cocoa, and coconut production in Trinidad and Tobago has nearly collapsed. Meanwhile, efforts to expand rice production and to diversify crops have shown little success. Consequently, agricultural imports are rising in 1981 as production of most traditional crops fall.

U.S. agricultural exports to Trinidad and Tobago totaled $112.3 million in 1980, an increase of nearly 50 percent from 1979's level. Half of this gain resulted from Trinidad's decision to buy all of its wheat for the year from the United States. Trinidad imported almost 130,000 tons of U.S. wheat in 1980, but exported 25,000 tons of wheat flour to Guyana. In recent years, Trinidad has been a sizable purchaser of Canadian wheat.

With real gross domestic product projected to increase 5 to 7 percent this year, Trinidad and Tobago probably will remain a strong market for U.S. agricultural products.

The United States also was the principal supplier of food and bulk agricultural products to the Caribbean islands of Bermuda, the Bahamas, the Caymans, the Turks and Caicos, and the Netherlands Antilles. ■

U.S. Agricultural Trade With the Caribbean, 1979 and 1980

Country	U.S. Exports[1]			U.S. Imports[1]		
	1979	1980[2]	Change	1979	1980[2]	Change
	Mil. dol.	*Mil. dol.*	*Percent*	*Mil. dol.*	*Mil. dol.*	*Percent*
Bahamas	60.8	71.4	+17	1.1	0.8	−27
Barbados	22.9	28.3	+23	11.9	38.2	+221
Bermuda	29.7	33.0	+11	(3)	(3)	—
Dominican Republic	174.8	217.5	+24	430.0	454.3	+6
French West Indies	11.5	14.5	+26	.7	.5	−29
Haiti	46.5	70.1	+51	27.6	33.7	+22
Jamaica	77.1	76.5	(4)	14.7	33.5	+127
Leeward & Windward Islands	29.7	37.3	+25	9.1	10.8	+19
Netherlands Antilles	65.2	67.8	+4	2.3	.2	−91
Trinidad/Tobago	75.1	112.3	+49	15.3	5.1	−67
Other Caribbean	6.5	7.2	+11	.4	(3)	—
Total	599.9	735.8	+23	512.2	577.2	+13

[1]Unadjusted. [2]Preliminary. [3]Insignificant or not available. [4]less than a 1 = percent drop.

Bad Venezuelan Weather May Mean Sales For U.S. Exporters

By Marvin Lehrer

Bad weather in Venezuela may open up new market opportunities for exporters of U.S. agricultural products.

Recent heavy rains have severely damaged nearly all of Venezuela's agricultural production. As a result, Venezuela's imports of raw materials for food processing, canned items, and basic goods will need to be imported in record quantities because of declines in local production. Total agricultural imports from the United States in fiscal 1980 were $616 million.

An official of Venezuela's central buying agency, CMA, recently pointed out to a U.S. audience that these weather-related problems could force the country to boost its feed grain imports in 1981/82 by as much as 20 percent.

In addition to feed grains, the outlook is for increased imports of soybean meal, fresh fruits and vegetables, a wide variety of canned and processed food items, fruit pulp and concentrate, powdered milk, vegetable oil, sugar, and—should feed grain purchases lag possibly poultry, eggs, pork, and beef.

A word of caution: import licensing, import control of feed grains, poultry, and other products by CMA, and the complicated, costly, and time-consuming requirement of registration of processed food items remain facts of doing business in the Venezuelan market.

A U.S. exporter would be wise to become familiar with the process to make the most of market development efforts in this potentially expanding and profitable market for U.S. products.

Here's a brief summary of market conditions and trends for selected products.

Fresh fruits and vegetables. For the first time in 5 years, the Government's purchasing agency has issued licenses for imports of tomatoes and onions. Prices for these items have skyrocketed and scarcities have been reported.

The outlook for U.S. apple sales in Venezuela is strong because of another large U.S. crop and aggressive sales efforts by U.S. apple exporters. Apple imports have been growing steadily, with fresh apple sales outpacing those of pears 20 to 1. Competition exists from New Zealand and Chile, both of which price their product relatively high.

Imports of pears, cherries, plums, and other fresh fruit are expected to remain constant and highly seasonal.

Fruit products. With the outlook for the local fruit harvest not good because of damaging rains, increased imports of fruit byproducts for the processing industry are expected.

Imports of fruit pulp, concentrates, and fruit for further processing have traditionally been supplied by Chile, Argentina, Brazil, the United States, and—to a minor extent—Spain. Generally, Venezuelan buyers are price oriented and most purchasing decisions are made on this basis.

There is an opportunity for U.S. suppliers to regain business lost to Argentina and Chile in the apple product market, as sales efforts by these countries have been relatively weak.

In addition, the anticipated large U.S. apple harvest is expected to offset price advantages enjoyed by South American suppliers that are members of the Andean Pact and the Latin American Integration Association (LAIA).

U.S. suppliers of orange concentrate and peaches for further processing could make inroads into the Venezuelan market, with price again the determining factor. Current suppliers include Brazil (orange concentrate) and Argentina (peaches).

Frozen foods. The use of frozen foods in Venezuela is increasing rapidly as shifting lifestyles leave less time for food preparation, dining out becomes extremely expensive, consumer acceptance increases as the quality of products improves, and with the opening of

The author is U.S. Agricultural Trade Officer in Caracas.

specialty stores or "freezer centers," where well-handled, high-quality frozen products are displayed.

However, poor retail presentation and handling are still limiting expansion of frozen food sales. Despite this, actual and potential demand is on the increase. For example, a few years ago, frozen poultry was purchased only when the fresh product was not available. Currently, the situation is turning in favor of the frozen product.

Opportunities for sales of frozen food products exist in such areas as complete meals, pizza, and specialty items, such as frozen lasagna. The United States continues to dominate the import market for frozen foods in Venezuela because of consumer familiarity with many brands, proximity to market, variety, quality, and price. Continued growth in fast-food chains and independent outlets also is boosting demand for frozen items, such as hamburger patties, french fries, and vegetables.

Dietetic and health foods. Although not currently a major factor in Venezuelan food purchases, many importers see excellent growth potential for these items with the recent interest in physical fitness and weight control in Venezuela.

Currently, health and dietetic foods are sold in small specialty shops, as little space is allocated in supermarkets. With Venezuela being a quality-conscious market for these products, U.S. suppliers are expected to do rather well in this growing area.

Snack items. According to trade sources, the outlook for snack foods in Venezuela is quite strong. Interest is high for a wide variety of U.S. products as consumers prefer the quality and variety of U.S. snack foods to locally produced items.

Condiments. U.S. exporters of flavorings, colorings, and spices have done well in the Venezuelan market and are expected to continue to do so. Importers are very happy with the United States as a trading partner for these items because of the high quality and service offered. Competition exists from Switzerland, France, and the Netherlands.

Wine. Consumer acceptance of U.S. wines in the Venezuelan market has grown recently. However, price will remain a key factor in making any significant inroads into the market, as will aggressive sales tactics, merchandising, and promotional efforts.

Currently, only one brand of U.S. wine is registered in Venezuela, although several other companies are in the registry process. One importer has suggested generic promotions for California wine and a wine tasting is scheduled at the U.S. agricultural trade office in Caracas in June 1982. Several countries are currently competing for wine sales in Venezuela, including Chile, Argentina, Spain, Germany, Israel, and France.

Other items. Canned fruit and vegetable imports are expected to increase over the next few months because of scarcities of local produce and difficulty in finding raw materials for processing.

Canned fruit, vegetables, sauces, gravies, juices (apple, prune, and grape), instant cereals, novelty and confectionary items, syrups, and soups remain key import items in Venezuela.

Despite the abundance of well-known brands represented in the market, wholesalers and retailers are constantly searching for new brands. A potential market could develop from a trend toward in-house or store brands. ■

First Step in Food Exporting: Register Your Product

Breaking into the Venezuelan market requires following a few simple, but often time-consuming, rules.

Except in a few cases, food products must be submitted for registration before they can be imported into Venezuela. The registry process remains a stumbling block for many U.S. exporters. Still, the registry process is a requirement that, once met, can lead to lucrative sales.

Although Venezuelan law does not prohibit a foreigner or exporter to register a food product, it is almost imperative that an exporter appoint a local agent to oversee the registry process. As product registry is time-consuming and often takes up to 6 months, having a local agent or importer greatly facilitates the process. A local agent can check more easily on the status of registry than can the exporter living thousands of miles away. And in general, buyers prefer to work through agents for trade servicing and complaints.

Although an agent may introduce the application for registry, the product registration remains the property of the U.S seller.

The required form for registration can be obtained by a Venezuelan importer or agent from the Division of Food Hygiene at the Ministry of Health or by the U.S. exporter from the nearest Venezuelan consulate.

Chemical analysis and a complete listing of ingredients (including additives, colorants, and preservatives) are required. Food not registered in the country of origin cannot be registered in Venezuela.

In addition, three samples of the product—or six in the case of perishable products—must be provided.

Costs for the registry process vary and should be discussed with the agent.

The U.S. Agricultural Trade Office in Caracas can provide a listing of agents in Venezuela who may assist in the registry process. ■

Venezuela Moves To Satisfy Beef Needs

By George J. Dietz

The Venezuelan beef industry is beset by many of the problems that plague producers in most tropical countries, plus a few unique to Venezuela. Despite these troubles, the industry is making progress in its drive to supply the country with sufficient beef to meet its needs.

By pushing cattle slaughter and meat outturn, the industry has narrowed the gap between production and consumption. This, in turn, has brought a dramatic cut in beef imports in recent years from 66,300 metric tons in 1978 to just 10,000 tons forecast for 1981. Beef production has grown from 285,000 tons in 1978 to an expected 338,000 tons in 1981.

The author is U.S. Agricultural Counselor, Caracas.

Venezuela also imports live animals in the summer months from other South American countries, especially Colombia, often as a technique to control domestic prices. Although the Colombian trade is governed by agreement, there has been—and continues to be—a substantial movement of contraband cattle across the border.

One of the Venezuelan beef industry's more important achievements was the development of cattle able to survive the country's tropical hardships. The forebears of the country's cattle were introduced in the 1500s by the Spanish. In recent years, their descendants—the wild, native Criollo—have been crossed with Cebu Brahman cattle and with other sturdy breeds.

The resulting animals are hardy, heat and tick resistant, and capable of surviving the hazards of Venezuela's tropical climate and topography that include parasites, vampire bats, harsh flood/drought cycles, and—in some areas—sparse natural feed that survives on the mineral-poor soil.

While the country's cattle producers have a high regard for the Criollo-Cebu Brahman cross, some are investigating the possibility of further improving their stock by crossing with Santa Gertrudis

or other cattle capable of surviving the rigors of Venezuela's environment.

Producers estimate Venezuela's growing cattle population at around 10.5 million head for 1981. Seventy percent of the national herd consists of mixed breeds, primarily the Criollo-Brahman cross. Native cattle make up about 20 percent of the total, while other Brahman types account for the remainder.

Raising cattle to market weight is a slow process in Venezuela, requiring 3 to 5 years. The calving rate is exceptionally low. It is generally placed at 35 percent, although a few of the better managed cattle operations have rates as high as 70 percent. A low fertility rate is a common problem throughout Venezuela, one that will have to be solved if the industry is to boost its beef production in the future.

The best pastures are in Zulia, which also is the leading cattle-producing state. Here, some successful ranchers run one steer per hectare. In other cattle areas, such as the Llanos (a flood plain embracing the states of Apure, parts of Guarico, and the lower parts of Barinas), the number of hectares needed to support one steer runs much higher.

Many producers employ the best grass-feeding techniques available, using only mineral supplements and salt to bolster the grass diet. The country has an abundance of good grass types. Unfortunately, many of the country's pastures are not well managed.

Maintaining good pastures in Venezuela is not easy, especially those planted on recovered forest land where the jungle is always ready to take over again. Various methods—some traditional and some more modern—are being used to keep brush growth under control so cattle can graze. Mechanical, chemical, and burning techniques, when properly used, are effective for brush and weed control.

There has been some research in growing natural grasses with legumes, which adds nitrogen to the soil and provides forage during the dry season.

Experiments in feedlot operation have not been very successful in Venezuela. Cattle are relatively poor converters of grain when compared with pigs and poultry, but they are efficient grass converters.

According to Gustavo de los Reyes, the manager of the King Ranch in Venezuela, "Venezuelan cattle are very efficient converters of domestic grass." This is important in view of the fact Venezuela is a substantial importer of feed grains and other feedstuffs. De los Reyes, a prolific source for information on cattle operations in Venezuelan, raises 40,000 head and markets about 12,000 head per year.

The better ranchers are trying to improve pasture management, exploit potential and existing water resources, and update control of livestock disease and breeding practices.

Cattle are vaccinated by Ministry of Agriculture representatives against foot-and-mouth disease. Female calves are vaccinated at 2-8 months against brucellosis, and some ranchers also inoculate against shipping fever, blackleg, and malignant edema.

Cattle breeders in the Llanos traditionally have problems in controlling runoff water during the flood season and providing adequate stored water in the dry months. Government agencies and private ranchers have developed several earthen dike systems to provide water for grass the year round.

Because of the abundance of underground water in Venezuelan flood plains, and the thinness of the topsoil, one important system of water control strives to retain the silt that comes from the Andes in the periodic floods rather than merely storing the water.

In Venezuela, consumers prefer lean, grass-fed beef, which infers a need for a sizable ranch workforce. But the shortage of trained or semiskilled Venezuelan workers is as apparent on the ranches as in other segments of the agricultural sector.

On many ranches—particularly in the western part of the country—Colombians make up an important part of the ranch labor force. Many young Venezuelans prefer to live in the city—with its higher standard of living and broader work opportunities.

There are no U.S.-style cattle markets in Venezuela and most sales are by private arrangement. Local cattlemen's associations and rural banks tell potential buyers which ranchers are offering cattle for sale. Some ranchers market young animals for fattening immediately after they are weaned, or sell them to dealers at a weight of 150 to 180 kilograms.

Cattle are sold either by weight or "at sight," and range up to 500 kilograms, depending on age, class, and size. Others are sold "on the hook." Under this method cattle are delivered to the slaughterhouse after the rancher has reached an agreement with the wholesaler on the per kilogram carcass price. A representative of the government then verifies the weight and payment is made immediately.

Currently steers bring a contract price of about US$3.27 per kilogram on the hook. The slaughterhouse is paid for its services, receives many of the byproducts, and gets a fee from the wholesaler. Yields of above-average animals currently average 52-54 percent of the live weight for bulls and steers, 47 percent for cows, and 50 percent for heifers.

Beef is extremely popular in Venezuela and annual per capita consumption is about 22 kilograms. Even consumers in the lowest economic strata buy respectable amounts of beef. Selling prices at retail range from US$3.27 to $6.07 per kilogram, depending on the cut. These prices are adequate to cover producer costs and provide a profit.

If the Venezuelan cattle industry continues to be profitable, the industry will undoubtedly expand and may be able to meet future consumer needs. If this proves impossible, Colombian cattle and imported meat will be needed to fill the gap. ■

U.S. Farm Exports Gain In Central America

God of cocoa plant and protector of merchants.

Civil unrest, demand for improved diets, and the failure of their agricultural sectors to keep up with food needs forced all six Central American countries[1] to boost their purchases of U.S. agricultural products in 1980 by 54 percent.

Last year's advance continued the trend of the past several years, but the gain was the largest increase in recent years. In contrast, U.S. agricultural imports from Central America—although still nearly four times as large as exports—dipped slightly in 1980.

The value of U.S. farm product exports to Central America totaled $398.1 million, a solid gain from the $257.5 million of the previous year. Most of the six countries there took larger volumes of U.S. farm products, while only three increased their shipments to the United States.

In general, major U.S. food products sold to the six were bulk commodities, such as wheat, wheat flour, corn, soybean meal, soybean oil, and tallow.

Traditional tropical products, such as cocoa, sugar, and coffee, were high on the list of imports by the United States. U.S. imports from Central America were down in 1980 to $1.54 billion.

The increase in value of U.S. agricultural exports to the six in 1980 ranged from 227 percent for Nicaragua to less than 1 percent for El Salvador. Exports to Costa Rica, Guatemala, and Honduras were each more than 50 percent higher, while Panama's were up 36 percent.

Although agricultural production probably improved in all of the Central American countries, Costa Rica, Guatemala, and Nicaragua exported less to the United States in 1980 than in 1979. Panama's shipments to the United States rose 31 percent in 1980, and Honduras' and El Salvador's were up by less than 10 percent.

Of the wide range of products grown in the region for export, only sugar

[1]Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

U.S. Agricultural Trade With Central America, 1979 and 1980

Country	U.S. Agricultural Exports[1]		Change	U.S. Agricultural Imports[1]		Change
	1979	1980		1979	1980	
	$1,000	*$1,000*	*Percent*	*$1,000*	*$1,000*	*Percent*
Costa Rica	40,780	66,864	+64	333,508	281,695	−16
El Salvador	49,789	50,006	(2)	270,071	293,912	+9
Guatemala	53,332	81,017	+52	378,975	373,450	−1
Honduras	31,727	51,065	+61	311,336	322,019	+3
Nicaragua	19,753	64,555	+227	180,163	156,086	−13
Panama	62,153	84,574	+36	84,756	111,360	+31
Total	257,534	398,081	+54	1,558,809	1,538,522	−1.3

[1]Unadjusted. [2]Less than a 1-percent increase. Source: U.S. Bureau of the Census.

showed a production gain. The outturns of bananas, coffee, cotton, and beef and veal dropped.

The United States was **Costa Rica's** most important trading partner in 1980, providing about half of its imported farm products. The United States supplied all of Costa Rica's imported wheat, valued at $21.4 million. In 1980, exports of U.S. corn to Costa Rica were 68,834 tons, compared with none in 1979, and exports of U.S. soybean cake and meal—at 27,000 tons—were 94 percent greater.

The value of U.S. agricultural imports from Costa Rica declined 16 percent. Reduced coffee and cocoa bean imports accounted for most of the decline. The most important commodities imported by the United States were meat, bananas, coffee, sugar, tropical fruits, and vegetables.

El Salvador's most important farm commodities imported from the United States (by value) were wheat and wheat flour, tallow and grease, soybean cake and meal, and cottonseed oil, each of which was valued at $3 million or more last year. Five other commodities ranged in value between $1 million and $2 million: Rice, corn, small grains, pulses, and tropical products.

Uncertainty over new government agrarian reforms and nationalization of some major export commodities made landowners reluctant to expand their operations, and were responsible for a decrease in the volume of El Salvador's exports. The United States took 42 percent less by volume, although higher per unit prices for most exports brought a 9 percent gain in total value.

Guatemala's crop production was off slightly in 1980, a reaction to rising political violence. This situation has put pressure on Guatemala's agricultural sector and strengthened the need for farm imports.

Guatemala increased its agricultural purchases in 1980 as U.S. exports there rose 61 percent in volume from 1979. The most important U.S. export to Guatemala was wheat and wheat flour, worth nearly $22 million. There were also four other commodities exported to Guatemala by the United States in amounts valued at $5 million or more, including corn, sugar, tallow and grease, and soybean cake and meal.

U.S. imports of Guatemalan farm products were 111 percent higher in volume in 1980 than in 1979, but a drop of about $400 in the average unit price cut their aggregate value by 1 percent. Coffee imports were down in both volume and value. Sugar imports, on the other hand, were 29 percent higher in volume and 224 percent greater in value. Red meat imports dropped in both volume and value.

The United States supplied most of **Honduras'** imports of wheat and wheat flour, corn, grease and tallow, vegetable waxes and products, soybean cake and meal, and vegetables and preparations.

Honduran agricultural exports to all markets totaled $536 million in 1980, with the United States taking about 60 percent of the total. The most important commodities imported by the United States were bananas, coffee, meat, sugar, and tropical fruits.

Nicaragua's total agricultural output was up 23 percent in 1980, but a sharp increase in consumption and a shortfall in some crops kept export availabilities low. As a result, U.S. imports of Nicaraguan farm products were down slightly and Nicaragua imported considerably larger volumes of U.S. farm commodities.

Of U.S. exports to Nicaragua, cottonseed oil had the highest value. Shipments of pulses were second, followed by wheat and flour. In addition, corn, rice, soybeans, poultry meat, and tallow were all exported in sizable volumes.

Meat, coffee, sugar, and bananas were the four most important agricultural commodities imported from Nicaragua. Also of major importance were tobacco and molasses.

Panama's crop production was down slightly in 1980, causing a drop in export volume, while strong world prices resulted in higher export earnings. The United States imported an aggregate volume that was 38 percent smaller than in 1979, but the higher unit cost pushed the total up 31 percent.

The most important U.S. agricultural exports to Panama were grains, wheat flour, soybean oil, raw sugar, vegetables and preparations, soybean cake and meal, pork, fresh and canned fruits, vegetable oils and waxes, and feeds and fodders.

The value of U.S. imports of Panamanian grain and feed, meats and livestock products, sugar, and coffee was higher than in 1979. Also higher in value were imports of meat, bananas, alcoholic beverages, horticultural products, tobacco, molasses, honey, and cocoa beans. ■

Country Briefs

Mexico

Wheat, Corn, Bean, and Rice Sufficiency Targeted for 1980's

The Mexican government has set the 1980's as the period in which Mexico will achieve self-sufficiency in the production of wheat, rice, beans, and corn for human consumption. It is believed that self-sufficiency in corn can be attained by the target date of 1982, but this achievement will be accomplished at the expense of grain sorghum. Wheat self-sufficiency is considered more difficult to achieve, and wheat imports are expected to continue from major suppliers, including the United States, for some time to come. Significant increases in rice and beans may are expected through the efforts of the country's latest food program (SAM or Sistema Alimentario Mexicano).

SAM has targeted 1985 as the year when Mexico will begin to meet its wheat consumption needs from domestic production. To do this, an estimated wheat outturn of 4.6 million metric tons will be required by that year, 53 percent greater than the current 1981/82 crop projection of 3.0 million tons. It is questionable whether Mexico can meet this goal.

As wheat is grown almost exclusively on irrigated land using improved seed and heavy fertilizer application, there is little chance yields can be boosted beyond current levels. Wheat must also compete for irrigated land with other crops, and the chance of larger areas being opened to wheat planting in rainfed districts is limited. So it is likely output will stabilize at a level only 800,000 tons higher than at present. Mexican wheat imports in 1980/81 are estimated at 1.3 million tons, of which the United States supplied about 1.2 million tons.

A key element of Mexico's food policy is the achievement of self-sufficiency in corn and it is probable that the Mexican government will focus most of its efforts in accomplishing this goal. The Mexican government estimates that self-sufficiency in corn would require a 1980/81 crop of 13 million tons, and a 15-million-ton crop by 1985. Actual output in 1980/81 is expected to reach only 10 million tons. Production could possibly rise to 15 million tons by 1985, but 1981/82 production—estimated at just 11 million tons—will not be sufficient to achieve self-sufficiency by the target year.

Self-sufficiency in corn for human consumption can probably be achieved some time during the early 1980's, provided corn production continues to retain a high priority. The success of the corn program depends on large areas being switched from grain sorghum to corn. The government will make various concessions to accomplish this, but the shift will make sizable imports of grain sorghum and/or feed corn necessary. However, this is apparently a political price the government is willing to pay. In 1980/81, imports of U.S. corn are expected to reach 3.9 million tons, although overloading of Mexican railroads resulted in a temporary embargo on corn and grain sorghum shipments destined for Mexico City in June of this year.

The SAM program has set a rice self-sufficiency target of 750,000 tons (milled basis) in 1985, and it is generally believed this objective will be reached, given the current rate of expansion into new rice areas. Bean self-sufficiency by 1985 will require a crop of 1.65 million tons by that year, compared with the 1.1-million-ton crop expected in 1981/82. To reach the target, the government is giving growers easy access to production inputs and an economic incentive package that will assure lower production costs and attractive sales prices. The government believes that by making more production inputs and equipment available and increasing the area devoted to production of beans, the 1985 production target should easily be reached.—*Based on a report by John E. Montel, U.S. Agricultural Counselor, Mexico City.*

U.S. Farm Sales to Jamaica Climbing Sharply

U.S. agricultural exports to Jamaica are projected to climb 25 percent this year, and as much or more next year, thanks to that country's much improved foreign exchange position. Current projections point to U.S. sales of nearly $100 million in calendar 1981, up from $76.5 million in 1980. Next year the total could climb as high as $125 million-$130 million.

As in past years, the United States continues to be the major agricultural supplier to Jamaica, providing virtually all its corn, soybean, and soybean oil imports. Corn imports are expected to hit 190,000 tons this year and about 200,000 next year. Soybean imports are projected to reach 77,000 tons this year, and 80,000 next year, while soybean oil imports should total 5,000 tons in 1981 and 5,500 in 1982.

Jamaica's wheat imports this year should approximate 96,000 metric tons, up 44 percent from last year, and are forecast at 98,000 tons in 1982. Jamaica's imports of wheat flour—mostly from the United States—are seen reaching 56,500 tons this year and about 60,000 tons in 1982.—*Based on a report from Robert R. Anlauf, U.S. Agricultural Attaché, Santo Domingo, Dominican Republic.*

Argentina

Citrus Production Up Again In 1980; Exports To Recover

Argentina's citrus production this year will continue the upward movement of 1980. As a result, larger fresh-fruit supplies and more competitive prices will cause exports to recover from their 1980 dropoff.

The citrus crop is expected to rise 8 percent to 1.6 million metric tons, following an identical percentage increase in 1980. Last year's production gain was based on: new lemon plantings coming into production after land was shifted from sugarcane in Tucuman Province; recovery from the 1979 frost of grapefruit plantings in the northwest; and higher orange yields resulting from favorable weather.

With the exception of tangerine output—which decreased because of frosts in Entre Rios—production of all citrus rose in 1980. Lemons registered the sharpest increase (32 percent) primarily because of new trees coming into production.

Citrus exports in 1981 are forecast to soar more than 60 percent to 58,000 tons, principally because of the expected larger orange and lemon crops, and the recent devaluations of the peso, which should make Argentine citrus more competitive in world markets. Europe was the only market for Argentine citrus in 1980. The Netherlands was the largest market followed in order by Poland, Czechoslavakia, France, Italy, West Germany, and the United Kingdom. Fresh citrus fruit exports totaled 35,977 tons in 1980, down more than 45 percent from nearly 67,000 tons in 1979. The unfavorable rate of exchange in 1980 discouraged exports because the devaluation rate did not keep pace with inflation.

Brazil was Argentina's most important source for imports of tangerines and oranges. Mexico supplied most of the grapefruit, although the United States shipped about 2,600 tons. Fresh citrus imports rose more than 5,000 tons in 1980 to 27,432 tons because the overvalued peso made citrus imports cheaper in terms of dollars.—*Based on a report from James V. Parker, U.S. Agricultural Counselor, Buenos Aires.*

Brazil

Strong Beef and Poultry Meat Exports To Offset Slack Domestic Consumption

A moderate rise is foreseen in Brazil's poultry and red meat production in 1981 as export demand is expected to more than offset scaled-down consumer purchases. In the case of poultry, despite slightly lower consumer demand, a projected increase of more than 50 percent in export volume should produce a positive production performance of around 6 percent for poultry meat in 1981.

In addition to strong export demand from the Middle East for poultry meat, beef export levels are also expected to climb, with a projected 36-percent volume rise, which should help keep beef production around 5 percent above year-ago levels. Part of the increase in beef exports can be attributed to the use of export subsidies, principally in the form of subsidized financing arrangements, which have been expanded from poultry only to include beef, both fresh and processed. Processed beef exports for the first 5 months of 1981 were approximately 50 percent above year-ago levels.—*Based on a report by G. Stanley Brown, U.S. Agricultural Counselor, Brasilia.*

Frosts Slash Brazil's Coffee Production Potential

Brazil's coffee production potential in 1982/83 has likely been cut 40-45 percent by July frosts in major production areas, according to a field survey by the U.S. Department of Agriculture.

The survey put Brazil's coffee production potential in 1982/83 at only 15-18 million bags (60 kg each). The 1981/82 crop currently is estimated at 32 million bags, about a third of world production.

The U.S. agricultural counselor in Brasilia reported the frosts in Minas Gerais—Brazil's most important coffee growing state—have reduced that state's 1982/83 coffee production potential by about one-third.

Next year's coffee crop in Minas Gerais is now expected to total only 4.5-5.0 million bags, down from a prefrost estimate of 6.5-7.5 million. While a dip in the Minas Gerais crop was already anticipated owing to the normal biennial cycle of coffee yields, next year's crop now is expected to total only about half of the projected 1981/82 record of 10-10.5 million bags.

The USDA survey in Minas Gerais showed about one-third of the approximately 1 billion coffee trees in the state were damaged by frost that struck the area July 20-22. Frost damage was concentrated in southwestern Minas Gerais where three-fourths of the state's coffee trees are located.

About 45 percent of the 750 million trees in this region were affected by the frost in varying degrees. Roughly 10 percent of the coffee trees were moderately damaged by the freeze, which means they will require about 3 years to fully recover. Another third were lightly damaged and will require 2 years for full recovery.

No frost damage was evident in southeastern Minas Gerais where the remaining one-fourth of the state's coffee tree population is located.

Some frost damage also occurred in Parana and Sao Paulo, although no trees in these states were killed or damaged severely.

The 1982/83 Brazilian coffee crop is now in its critical flowering stage (September-December)—and growing conditions during this period could further modify production potential.

To gauge the crop's development and level of cultural practices, the office of the agricultural counselor in Brasilia will conduct extensive field surveys in January 1982 after flowering and fruit set and again in April 1982 before harvest. ■

Brazil Initiates Palm Oil Exports

By Shackford Pitcher

Brazil has joined the ranks of those countries that produce and export palm oil, with the export in February 1981 of 320 metric tons of palm oil—following a 340-ton shipment in October 1980. Although Brazil is expected to become the world's largest soybean oil exporter in 1981, it will be some time before it becomes a major palm oil producer/exporter.

Brazil's 1981 palm oil production is estimated at 15,000 tons, less than one-half of 1 percent of the world total. And since it takes about 5 years from the time the seed of the African oil palm is planted until the first fruit bunch is harvested, oil output will be limited to production from existing plantations during the next half decade.

Traditionally, the oil palm—known locally as dendê—has been cultivated in Bahiá and the oil mostly used for food purposes in regional specialties.

Brazil's first plantation-type palm oil producing unit was established in Bahia over 10 years ago to supply oil for use in the tinplating process. Although now a net exporter, Brazil has had to import palm oil for industrial uses to supplement domestic production. With the establishment of oil palm plantations in Pará, oil exports are expected to increase.

The Brazilian government has given various types of incentives to expand agricultural production in the Amazon region—especially for infrastructure improvements—but very little direct assistance has been provided to help in the establishment of oil palm plantations. But this could change as Brazil presses its program to find vegetable oil substitutes for petroleum-based fuels.

Brazil's PROALCOOL program, a plan to produce alcohol-based fuels from sugarcane and other plant sources, recently was joined by PROOLEO, a scheme to develop vegetable oil substitutes for diesel oil.

Brazil's PROALCOOL program already has had a marked degree of success, and is responsible for the introduction of a motor fuel consisting of 20 percent alcohol and 80 percent gasoline. Also, under the program, automobiles using alcohol only have been offered for sale, and thousands of gasoline-driven cars are being converted to the alcohol/gasoline mix. (See *Foreign Agriculture*, May 1981.)

The PROOLEO program is relatively new. It was announced in September 1980, but already it is deeply immersed in research programs, testing the potential as a diesel fuel of vegetable oils from the Black Marmeleiro tree, coconut and oil palms, as well as peanuts, soybeans, cottonseed, sunflowerseed, and rapeseed.

Brazil depends on imported petroleum for about 80 percent of its gasoline and diesel fuel needs, and is a country where most of the transportation of agricultural and industrial products is handled by diesel-fueled trucks. According to government studies, palm oil appears to be the most economical oil that can be produced in Brazil.

Such being the case, and assuming a major government effort to implement its program calling for the use of vegetable oils as motor fuels, it is unlikely that domestically produced palm oil can make much of a contribution to the diesel-replacement program before the 1990's. And even in the next decade—as now—it may be more profitable for Brazil to export vegetable oils and import petroleum.

Brazil in general—and the Amazon River Basin in particular—has ample land suitable for oil palm cultivation. Once a plantation is established most of the work involves manual labor, and this, too, seems to be readily available.

Judging from the amount of capital available for investment in various agricultural projects, capital shortages do not seem to have been a major limiting factor to the expansion of the oil palm sector. One limiting factor, however, is the absence of a domestically produced oil palm seed.

Brazil must now import hybrid oil palm seed from the Ivory Coast, and will probably be tied to imported seed for a long time. Only in 1984/85, for example, will results be available on growing trials now being conducted in experimental sites in Pará and Amazonas with selected seed from Bahiá. One other possibility is that seed propagation may be speeded up by the developing of methods to clone hybrid plants.

However, there is little tendency to take short cuts that might prove to be counterproductive, since suitable seed is one of the most important needs when establishing a perennial crop having a productive life of 20 years or more.

The training of professional and technical personnel also is another important consideration as Brazil has little experience to draw on. The need for such personnel is especially critical if oil palm production is to be introduced on a large scale in frontier areas where agriculture is now subsistence or nonexistent. Also, since most of the land in Amazonas is state owned, the acquisition of parcels of 3,000 hectares or more for oil palm estates is a slow process, as it requires special government permission. ■

Mr. Pitcher is an agricultural economist, Oilseeds and Products Division, FAS.

USSR Becomes Top Export Customer For Argentine Grain

By James V. Parker

As a result of the partial embargo on U.S. grain shipments to the USSR, the Soviet Union has emerged as Argentina's most important export market for grain in 1981. The Soviets will probably be the top customer for Argentine grain again in 1982, although the lifting of the U.S. embargo—which was supported by Canada, Australia, and the European Community—may bring a reduction in the Soviet Union's share of the Argentine grain trade.

In 1980/81, the Soviet Union took 75 percent of Argentina's grain exports of nearly 10 million metric tons.

Argentine wheat shipments during December 1980-June 1981 totaled more than 3.1 million tons. In addition, 500,000 tons of wheat have been sold to the USSR for September delivery. Argentine grain exports in 1982 are expected to fall by about 10 percent, but wheat exports are expected to rise by one-third to 5 million tons.

The projected 5-percent drop in Argentina's grain production is partially based on the fact that it is unlikely that weather conditions next year will match this season's excellent ones—especially for corn and grain sorghum. As a result, grain yields are expected to drop from last year's high level to more normal ones. The projected production decline also stems from current producer price levels which favor the oilseed sector over grains.

Total grain sowings—excluding wheat—are projected to fall by nearly 900,000 hectares. The decline in sorghum area may be sizable if sunflowerseed and wheat continue to bring better prices. The drop in corn plantings depends largely on the soybean/corn price ratio, now favoring soybeans. Oat, barley, and rye areas will be smaller because farmers are using more natural and artificial pastures for grazing rather than for grains. Wheat plantings, on the other hand, are forecast to increase sharply, primarily at the expense of cattle grazing area and sorghum.

The outlook for Argentina's production and export of selected grains for 1981/82 is:

- **Wheat.** Production may rise to over 9 million tons; exports to about 5 million.
- **Corn.** Production is expected to drop to under 11 million tons; exports are likely to fall to about 9 million tons.
- **Sorghum.** Production is forecast to decline slightly to about 6 million tons; exports to fall to approximately 4 million.
- **Oats.** Production likely will rise 15 percent to 500,000 tons; exports to climb to 110,000 tons.

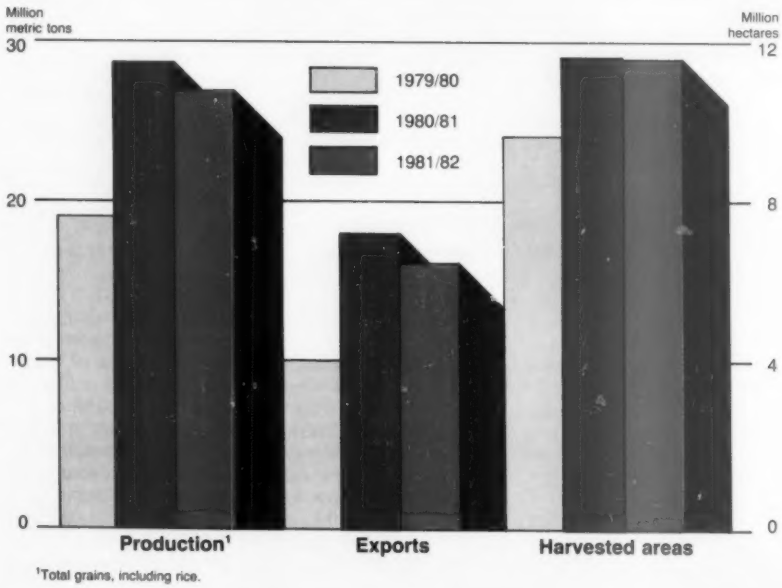
In general, Argentine grain farmers have been encouraged by a recently announced agricultural credit plan designed to take some of the risk out of growing grain. However, some trade observers believe grain loans still are too risky since they are linked to the wholesale plant product price index, which is based on price increases for grains as well as fruits and vegetables. Many farmers think livestock producers have a better guarantee because their loans are linked to the wholesale animal products price index, in which livestock prices (principally cattle) represent a sizable percentage.

For pulses, unfavorable weather during the bean sowing period—and in some regions at harvest—and reduced planted area have been offset by better yields, resulting in a bean crop that is slightly larger than last year's. The current lentil crop is smaller than last year's and pea production is about the same. Next year's bean and lentil crops are projected at markedly higher levels than this year's, while pea outturn will probably remain stable.

After making a sizable advance in 1981, exports of dry beans—Argentina's major pulse crop—will be higher still in 1982. ■

The author is U.S. Agricultural Counselor, Buenos Aires.

Argentine Grain



¹Total grains, including rice.

Trade Briefs

U.S. Broiler Exports To Latin America Rising

Exports of U.S. broilers—whole and cut up—to Latin American countries during the opening 7 months of this year were running 64 percent ahead of the year-earlier pace and were valued at $54.5 million. The largest Latin American market for U.S. whole broilers so far this year is Venezuela which took 8,813 metric tons worth $14.0 million during January-July versus 6,396 tons valued at $7.4 million during the same 1980 period. In the category of cut-up broiler parts, Jamaica continues as the leading U.S. customer in Latin America by purchasing 9,469 tons ($2.8 million) during the 7-month period, compared with imports of 7,113 tons worth $2.1 million during the comparable period last year.

All of Peru's Wheat Purchases Through June Come From U.S.

Through June of this year, Peru had purchased 602,336 metric tons of wheat—all from the United States, including 396,920 tons under the Export Credit Guarantee Program (GSM-102) of the Commodity Credit Corporation. Another 4,500 tons were donated by the European Community. Total deliveries this year should about equal the Peruvian Government's 1981 import plan of 880,000 tons of wheat. Peru's wheat imports in 1979 totaled 825,000 tons, including 396,000 tons from the United States. It is estimated that at least 900,000 tons of wheat imports will be required in 1982 to satisfy rising consumption demands. The country's 1982 import plan was scheduled to be released sometime in October.

Brazil-USSR Sign 5-Year Trade Pact

Brazil and the Soviet Union have signed a 5-year trade agreement, running from 1982 through 1985, that calls for Brazil to ship a minimum of 2.5 million metric tons of soybeans, 2 million tons of soybean meal, and 200,000 tons of soybean oil during the 5 years. Also, Brazil will export annually 10,000 tons of both cocoa and chocolate liquor. Under the agreement, the Soviets will supply Brazil with turbines for hydroelectric power projects and petroleum. Brazil also is scheduled to ship 500,000 tons of corn to the USSR annually beginning in 1983.

FAS Survey of Average Retail Food Prices in Selected World Capitals, September 1, 1981

(In U.S. dollars per kg[1] or units as indicated, converted at current exchange rates)

Item	Bern	Bonn	Brasilia	Brussels	Buenos Aires	Canberra[2]	Copenhagen	London	Madrid[2]	Mexico City	Ottawa	Paris	Rome	Stockholm	The Hague	Tokyo	Wash., D.C.
Steak, sirloin	16.32	10.58	2.86	10.20	2.84	—	11.48	13.18	—	9.41	7.02	9.88	10.27	16.09	10.14	37.72	7.91
Roast, chuck	8.39	8.07	2.57	5.84	2.70	—	7.07	5.53	—	4.85	3.89	7.97	9.05	9.14	6.04	23.28	4.39
Pork chops	9.09	5.07	2.52	4.41	2.50	—	6.96	4.91	—	5.31	5.33	5.02	5.34	8.46	5.09	8.51	4.39
Roast, pork	12.59	4.99	4.15	4.71	3.92	—	5.42	4.29	—	9.46	4.59	6.39	5.76	15.79	5.93	9.27	2.62
Bacon, sliced	5.36	7.17	5.53	4.39	4.46	—	8.01	7.20	—	4.89	4.77	21.54	8.10	9.42	8.38	9.22	3.28
Broilers	2.98	2.10	1.48	2.71	[3]1.53	—	3.53	2.00	—	3.93	2.47	3.71	2.88	4.46	[3]1.61	[3]3.66	[3]1.08
Eggs, dozen	2.14	1.51	.86	1.18	.95	—	1.76	1.58	—	1.16	1.10	1.41	1.22	2.34	.99	1.23	.93
Butter	7.11	4.07	2.50	4.11	5.07	—	3.89	[4]1.71	—	6.10	3.67	4.60	4.47	4.24	[5] .86	5.12	4.39
Margarine	2.61	1.70	1.69	2.26	4.12	—	1.55	[4]1.00	—	2.86	2.52	2.10	1.89	3.14	[5,6] .14	2.41	1.74
Cheese, cheddar or similar	6.85	7.69	3.82	5.91	5.68	—	5.96	4.73	—	11.67	5.86	5.76	5.08	6.12	5.20	5.22	7.25
Milk, whole, liter	.65	.44	.41	.53	([2])	—	.57	[7].34	—	.45	.69	.51	.56	.58	.42	.89	.64
Oil, cooking, liter	1.96	1.11	.96	2.03	([2])	—	2.90	1.43	—	1.32	1.89	1.98	.86	4.94	.91	1.88	1.41
Tomatoes	.84	.89	.48	.95	1.52	—	2.53	1.23	—	.88	1.33	1.28	1.07	2.47	.55	1.85	1.52
Onions	.75	.91	.19	.53	.54	—	1.14	.90	—	.71	.66	.60	.66	1.44	.36	1.29	1.01
Potatoes	.37	.39	.48	.23	.20	—	.46	.41	—	1.67	.38	.27	.29	.67	.20	.97	.59
Apples	1.17	1.23	1.34	.95	.93	—	1.18	1.30	—	3.38	1.59	.94	.74	1.89	.46	2.81	1.74
Oranges	1.21	1.11	.24	1.38	.56	—	1.53	1.11	—	.55	1.33	1.28	.99	1.58	.82	[3]3.51	.75
Bread, white	1.59	.91	.96	.88	1.54	—	1.58	.92	—	.77	1.05	[9]1.04	1.31	2.49	[10] .57	([2])	1.41
Rice	.89	1.24	.44	.83	1.24	—	1.63	1.14	—	.91	2.43	1.26	1.11	1.82	.62	1.41	1.04
Sugar	.79	.87	.42	.93	.98	—	1.48	.74	—	.55	.79	.78	.78	1.03	.74	1.04	1.32
Coffee	6.34	8.97	3.29	6.02	6.40	—	7.33	8.35	—	4.87	6.80	5.29	6.48	6.83	4.72	12.80	5.31

Note: Prices in this table may not be directly comparable due to differences in quality, packaging, and seasonal variations in supply.

Food prices of selected commodities are obtained by U.S. agricultural counselors and attaches on the first Tuesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.

[1]1 kilogram = 2.2046 pounds. 1 liter = 1.0567 quart. [2]Not available. [3]Whole bird. [4]500 gram package. [5]250 gram package. [6]Sale special; regular price is $0.34. [7]20 ounce pint. [8]Imported. [9]500 gram loaf. [10]800 gram loaf.

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